

APF  
3/18/2002

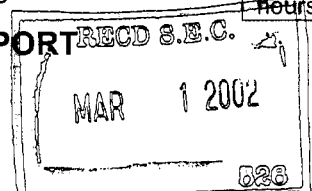
jc



UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

OMB APPROVAL	
OMB Number:	325-0123
Expires:	September 30, 1998
Estimated average burden	hours per response ..... 12.00

**ANNUAL AUDITED REPORT**  
**FORM X-17A-5**  
**PART III**



SEC FILE NUMBER
8-53216

**FACING PAGE**

**Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/2001 AND ENDING 12/31/2001  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER:

**Fairview Capital Ventures, LLC**

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

**499 Bonum Road**

OFFICIAL USE ONLY
FIRM ID NO.

(No. and Street)

**Lake Wylie**  
(City)

**South Carolina**  
(State)

**29710**  
(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

**Pamela K. Furr**

**(803) 831-8142**  
(Area Code - Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

**Porter Keadle Moore, LLP**

(Name - if individual, state last, first, middle name)

**235 Peachtree Street, NE**  
**Suite 1800**  
(Address)

**Atlanta**  
(City)

**Georgia**  
(State)

**30303**  
(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
- ☐ Public Accountant
- ☐ Accountant not resident in United States or any of its possessions.

**PROCESSED**

FOR OFFICIAL USE ONLY	MAR 22 2002
	THOMSON FINANCIAL

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(3)(2).

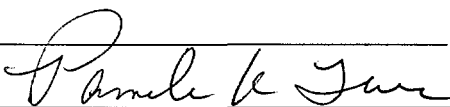
SEC 1410 (3-91)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

3/20/02  
S-5

## OATH OR AFFIRMATION

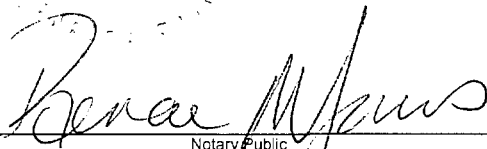
I, Pamela K. Furr, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of **Fairview Capital Ventures, LLC**, as of **December 31**, 2001, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



Signature

*Managing Member*

Title

  
Notary Public

My Commission Expires September 20, 2004

This report\*\* contains (Check all applicable boxes):

- ☒ (a) Facing page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) State of Income (Loss).
- ☐ (d) State of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☒ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).



Porter Keadle Moore, LLP

**Report on Internal Control Structure Required by SEC Rule 17a-5 for a Broker-Dealer Claiming an  
Exemption From SEC Rule 15c3-3**

To the Members  
Fairview Capital Ventures, LLC:



In planning and performing our audit of the financial statements and supplemental schedule of Fairview Capital Ventures, LLC (the "Company"), for the year ended December 31, 2001, we considered its internal control structure, including activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by rule 17a-5(g)(1) of the Securities Exchange Act of 1934, we have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications and comparisons.
2. Recordation of differences required by rule 17a-13.
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining an internal control structure and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the Securities and Exchange Commission's ("SEC") above-mentioned objectives. Two of the objectives of an internal control structure and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control structure or the practices and procedures referred to above, errors or irregularities may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Certified Public Accountants

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the internal control structure, including procedures for safeguarding securities, that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe the Company's practices and procedures were adequate at December 31, 2001, to meet the SEC's objectives.

This report is intended solely for the use of the Board of Directors, management, the SEC and other regulatory agencies that rely on rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

*PORTER KEADLE MOORE, LLP*

Atlanta, Georgia  
February 5, 2002



# **FAIRVIEW CAPITAL VENTURES, LLC**

Financial Statements and Supplemental Schedule

December 31, 2001

(with Independent Accountants' Report thereon)



Porter Keadle Moore, LLP

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

To the Members  
Fairview Capital Ventures, LLC:

We have audited the accompanying balance sheet of Fairview Capital Ventures, LLC (the "Company") as of December 31, 2001, and the related statement of operations, members' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fairview Capital Ventures, LLC as of December 31, 2001, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the Supplemental Schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 of the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

*PORTER KEADLE MOORE, LLP*

Atlanta, Georgia  
February 5, 2002

Certified Public Accountants

Suite 1800 • 235 Peachtree Street NE • Atlanta, Georgia 30303 • Phone 404-588-4200 • Fax 404-588-4222 • [www.pkm.com](http://www.pkm.com)

# FAIRVIEW CAPITAL VENTURES, LLC

## Balance Sheet

December 31, 2001

### Assets

Cash and cash equivalents	\$ <u>8,038</u>
Total assets	\$ <u>8,038</u>

### Liabilities and Members' Equity

Liabilities consisting of payable to member	\$ 680
Members' equity	<u>7,358</u>
Total liabilities and members' equity	\$ <u>8,038</u>

See accompanying notes to financial statements.

# FAIRVIEW CAPITAL VENTURES, LLC

## Statement of Operations

For the Year Ended December 31, 2001

### Operating income:

Business advisory fees	\$ 30,242
Interest	<u>128</u>

Total operating income 30,370

### Operating expenses:

Business advisory project expenses	6,333
Licenses and insurance	2,904
Office supplies, printing and postage	2,949
Pension and profit sharing	8,185
Professional fees	2,586
Telephone and Internet access	12,608
Travel and entertainment	4,098
Other	<u>5,491</u>

Total operating expenses 45,154

Net loss \$ (14,784)

See accompanying notes to financial statements.



**FAIRVIEW CAPITAL VENTURES, LLC**

**Statement of Members' Equity**

**For the Year Ended December 31, 2001**

Balance at December 31, 2000	\$ 22,142
Net loss	(14,784)
Balance at December 31, 2001	\$ <u>7,358</u>

See accompanying notes to financial statements.

# FAIRVIEW CAPITAL VENTURES, LLC

## Statement of Cash Flows

For the Year Ended December 31, 2001

Cash flows from operating activities:

Net loss	\$ (14,784)
Change in payable to member	<u>680</u>

Net cash used in operating activities and net change in cash	(14,104)
--	----------

Cash at beginning of period	<u>22,142</u>
-----------------------------	---------------

Cash at end of period	\$ <u>8,038</u>
-----------------------	-----------------

See accompanying notes to financial statements.

# FAIRVIEW CAPITAL VENTURES, LLC

## Notes to Financial Statements

### (1) Description of Business and Summary of Significant Accounting Policies

#### Business

Fairview Capital Ventures, LLC (the "Company") which has been in business since 2000, offers business advisory services and specializes in the private placement of securities. The Company is registered as a broker-dealer with the National Association of Securities Dealers ("NASD") in North Carolina. The Company is subject to net capital and other regulations of the U.S. Securities and Exchange Commission ("SEC").

#### Basis of Presentation

The accounting and reporting policies of the Company conform to generally accepted accounting principles ("GAAP") and to general practices within the broker-dealer industry. The preparation of financial statements in conformity with GAAP requires the Company's management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from these estimates.

#### Revenue Recognition

Business advisory fees are recorded as services are performed.

#### Income Taxes

The Company was organized as a limited liability corporation. As a result, the tax consequences of the Company's operations all pass through to the members. Accordingly, the Company's financial statements do not include a provision for income taxes.

#### Cash and Cash Equivalents

For purposes of the statement of cash flow, the Company considers all investments with an original maturity of three months or less to be a cash equivalent.

### (2) Related Party Transactions

The Company had an outstanding payable to one of its members of \$680 as of December 31, 2001.

### (3) Members' Equity

The Company was initially capitalized in August 2000 when the members contributed \$7,600 in cash.

### (4) Pension and Profit Sharing Plan

The Company sponsors a defined contribution pursuant to section 401(k) of the Internal Revenue Code. Employees are eligible to participate immediately in the plan. Company contributions to the plan are discretionary and totaled \$8,185 for the year ended December 31, 2001.

### (5) Net Capital Requirements

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 (and the rule of the "applicable" exchange also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1). At December 31, 2001, the Company had net capital of \$7,205, which was \$2,205 in excess of its required net capital of \$5,000. The company's net capital ratio was .09 to 1.

## **SUPPLEMENTAL SCHEDULE**

**FAIRVIEW CAPITAL VENTURES, LLC**

**Supplemental Schedule**

**Computation of Net Capital Under Rule 15c3-1 of  
the Securities and Exchange Commission**

**December 31, 2001**

**Computation of Net Capital:**

Total assets	\$ 8,038
Aggregate indebtedness	<u>680</u>
Net assets	7,358
Non-allowable assets	<u>-</u>
Tentative net capital	7,358
Haircuts	<u>(153)</u>
Net capital	7,205
Minimum net capital	<u>5,000</u>
Excess net capital	\$ <u>2,205</u>

**Aggregate indebtedness to net capital ratio:**

Aggregate indebtedness, consisting of payable to member	\$ 680
Net capital	\$ 7,205
Ratio	<u>.09 to 1</u>

There was no significant difference between net capital as computed by the Company (included in Part II of its FOCUS report as of December 31, 2001) and the amount computed above.